

August 21, 2015

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**By Email**

Mr. John Anderson  
Director of the Office of Oil and Gas Global Security and Supply  
Office of Fossil Energy  
U.S. Department of Energy  
1000 Independence Ave., S.W.  
FE-34, Room 3E-052  
Washington, DC 20585

**Re: Submission of Summary of Long-Term LNG Commercial Contract**  
***Magnolia LNG LLC, DOE/FE Docket No. 12-183-LNG***  
***Magnolia LNG LLC, DOE/FE Docket No. 13-131-LNG***  
***Magnolia LNG LLC, DOE/FE Docket No. 13-132-LNG***

Dear Mr. Anderson,

Magnolia LNG LLC (Magnolia) hereby submits the enclosed summary of an executed long-term contract for the long-term export of natural gas pursuant to DOE/FE Orders No. 3245 and 3406 (collectively the DOE/FE Orders). This summary also serves to supplement Magnolia's pending application in DOE/FE Docket No. 13-132-LNG to export natural gas to nations with which the United States does not currently have a free trade agreement (FTA) requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy.

This submission satisfies Magnolia's obligations for public disclosure of certain terms of this long-term contract. Magnolia will forward a complete non-redacted copy of the long-term contract to your office under separate cover.

**Background**

Magnolia LNG LLC is a limited liability company organized under the laws of Delaware, and a wholly owned indirect subsidiary of LNG Limited. LNG Limited is a publicly listed Australian company with the objective of identifying and developing LNG projects in Australia and other countries, including, without limitation, the United States of America.

***DOE/FE Docket No. 12-183-LNG***

On December 18, 2012, Magnolia requested authorization from the U.S. Department of Energy Office of Fossil Energy (DOE/FE) to export approximately 0.54 billion cubic feet per day (Bcf/d) of natural gas as LNG to any nation that has, or develops in the future, capacity to import LNG via ocean-going carrier and with which the United States has, or in the future will have, a Free Trade Agreement

(FTA) requiring national treatment for trade in natural gas. Magnolia requested authorization to export LNG on its own behalf and as an agent for others. DOE/FE granted Magnolia's application on February 26, 2013.<sup>1</sup>

*DOE/FE Docket No. 13-131-LNG*

On October 15, 2013, Magnolia requested authorization from DOE/FE to export an additional 0.54 Bcf/d of natural gas as LNG to any nation that has, or develops in the future, capacity to import LNG via ocean-going carrier and with which the United States has, or in the future will have, an FTA requiring national treatment for trade in natural gas. Magnolia requested authorization to export LNG on its own behalf and as an agent for others. DOE/FE granted Magnolia's application on March 5, 2014.<sup>2</sup>

*DOE/FE Docket No. 13-132-LNG*

On October 15, 2013, Magnolia also requested authorization from DOE/FE to export approximately 1.08 Bcf/d of natural gas as LNG to any nation that has, or develops in the future, capacity to import LNG via ocean-going carrier with which the United States does not have an FTA requiring national treatment for trade in natural gas and with which trade is not prohibited by U.S. law or policy. Magnolia requested authorization to export LNG on its own behalf and as an agent for others. DOE/FE issued notice of the application in the Federal Register on March 24, 2013,<sup>3</sup> and its application remains pending subject to final DOE/FE action.

**Summary of the Executed Long-Term Contract for the Long-Term Export of LNG**

Magnolia executed a long-term LTA with Meridian LNG Holdings Corporation on July 22, 2015. Ordering Paragraphs D of the DOE/FE Orders require that Magnolia file a non-redacted copy of all executed long-term contracts associated with the long-term export of LNG on its own behalf or as agent for others.<sup>4</sup> The DOE/FE Orders further require that Magnolia file, or cause others to file, a summary of the major provisions of the contract.<sup>5</sup> Concurrently, Magnolia is submitting under seal a non-redacted copy of the LTA under separate cover.

Pursuant to the DOE/FE Orders, Magnolia LNG hereby files the attached summary of the major provisions of the LTA for public posting. Furthermore, pursuant to U.S. Department of Energy (DOE) regulations at 10 C.F.R. § 590.204(a), the enclosed summary also serves to supplement Magnolia's

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<sup>1</sup> Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal in Lake Charles, Louisiana, to Free Trade Agreement Nations, DOE/FE Order 3245 (Feb. 26, 2013).

<sup>2</sup> Order Granting Long-Term Multi-Contract Authorization to Export Liquefied Natural Gas by Vessel from the Proposed Magnolia LNG Terminal in Lake Charles, Louisiana, to Free Trade Agreement Nations, DOE/FE Order 3406 (Mar. 5, 2014).

<sup>3</sup> Magnolia LNG, LLC; Application for Long-Term Authorization to Export Liquefied Natural Gas Produced from Domestic Natural Gas Resources to Non-Free Trade Agreement Countries for a 25-Year Period, 79 Fed. Reg. 15980 (Mar. 24, 2014).

<sup>4</sup> DOE/FE Order No. 3245, Ordering Paragraph D at 10; DOE/FE Order No. 3406, Ordering Paragraph D at 10.

<sup>5</sup> DOE/FE Order No. 3245, Ordering Paragraph D at 10; DOE/FE Order No. 3406, Ordering Paragraph D at 11.

pending application to export LNG to non-FTA nations.<sup>6</sup> The enclosed summary satisfies Magnolia's obligations for public disclosure of its long-term contract for the long-term export of natural gas.

Thank you for your consideration of this matter. If you have any questions, please do not hesitate to contact me at 202.778.9014 or via e-mail at [david.wochner@klgates.com](mailto:david.wochner@klgates.com).

Best regards,



David L. Wochner  
*Counsel for Magnolia LNG, LLC*

Enclosure

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<sup>6</sup> As noted above, Magnolia's non-FTA LNG export application is pending before DOE under DOE/FE Docket No. 13-132-LNG. Magnolia committed to file relevant long-term export contracts when they are executed. Application of Magnolia LNG LLC for Long-Term Authorization to Export LNG to Non-Free Trade Agreement Countries, DOE/FE Docket No. 13-132-LNG at 6 (Oct. 11, 2013).

**LNG EXPORTS LONG-TERM CONTRACT  
MAJOR PROVISIONS SUMMARY**

- 1. DOE/FE Order Number(s):** 3245 & 3406  
**DOE/FE Docket Number(s):** 13-132-LNG

**2. LNG liquefaction/export facility and location:**

Magnolia LNG LLC, located on the Industrial Canal South Shore PLC Tract 475, an approximately 120-acre parcel of land in Calcasieu Parish, south of Lake Charles, LA

**3. Describe affiliation with the LNG liquefaction export facility (e.g., owner, capacity holder, etc.):**

The contract has been entered by the owner of the proposed Magnolia LNG liquefaction facility located on the Industrial Canal South Shore PLC Tract 475, an approximately 120-acre parcel of land in Calcasieu Parish, south of Lake Charles, LA

**4. Exact legal name of parties/counterparties to the contract:**

Magnolia LNG, LLC  
Meridian LNG Holdings Corporation

**5. 5a. Contract type (e.g., Purchase and Sale Agreement, Liquefaction Tolling Agreement, etc.):**

Liquefaction Tolling Agreement

**5b. Firm or interruptible contract:**

Firm

**6. Date of contract:**

July 22, 2015

**7. Contract term:**

Initial term commencing on the execution date and ending on the 20<sup>th</sup> anniversary of the gas day immediately preceding the date that Magnolia LNG's DOE/FE export authorization to non-free trade agreement countries commences. The initial term can be extended by customer for an additional five years to the earlier of (i) the gas day immediately preceding the 20<sup>th</sup> anniversary of the date that Magnolia LNG liquefaction facility is operating at full capacity; and (ii) the last gas day of the term of Magnolia LNG's DOE/FE export authorization to non-free trade agreement countries.

**8. Quantity (annual and total, if appropriate, include +/- % flexibility):**

Up to 87.55 billion standard cubic feet per year subject to the applicable DOE/FE export authorizations.

**9. *Take or Pay (or equivalent) provisions/conditions (please describe):***

The liquefaction tolling agreement is a tolling arrangement pursuant to which the customer pays a fixed fee for the right to receive liquefaction services in respect of natural gas or LNG delivered by the customer to the Magnolia LNG facility, up to a maximum agreed quantity. The obligation to pay the fixed fee for capacity is not based upon usage. The fixed fee is subject to credits for certain service interruptions and events of *force majeure*. Customers pay certain costs, including fixed and variable operations and maintenance costs, on a pass-through basis, the quantum of which may vary based on whether the terminal provides liquefaction services.

**10. *Supplier (titleholder) of natural gas to the liquefaction facility (include whether long- or short-term supply, or both) if appropriate. If this does not include the purchase or sale of natural gas, please mark this section "Not Applicable":***

Magnolia LNG will be responsible for the short-term supply of natural gas only during the commissioning period, otherwise Magnolia LNG will only purchase or sell natural gas (from or to third parties) if necessary in the event of an emergency situation to protect the safety and integrity of the facility.

**11. *Legal name of entity(ies) that has(have) title of the natural gas and LNG through the LNG facility until export (at the flange of the vessel):***

Meridian LNG Holdings Corporation

**12. *Export destination restrictions in the contract:***

The contract restricts exports of LNG received by the customer from the Magnolia LNG liquefaction facility to destination countries permitted under the applicable DOE/FE export authorizations and US law.

**13. *Resale provisions:***

The contract requires that the customer include any specific contractual provisions as may be required under the applicable DOE/FE export authorizations and U.S. law with respect to any sales agreement, off-take agreement, or other agreement for the export of LNG received from the Magnolia LNG liquefaction facility.

**14. *Other major non-proprietary provisions, if applicable:***

None.

I affirm that the foregoing is true and accurate to the best of my knowledge.

**Dated:**

August 20, 2015

**Submitted By:**



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Rick Cape  
Chief Commercial Officer  
Magnolia LNG, LLC